



# Employer Update

A Publication from the Arizona State Retirement System

WINTER 2008

## Contribution Rates to be Lowered for Fiscal 2008-09

Due to strong investment performance in recent years, the Arizona State Retirement System will implement a slight decrease in contribution rates for the first time in five years.

The new contribution rate for the defined benefit plan, health insurance benefit and long term disability plan for both the member and the

employer will be 9.45 percent for the 2008-09 fiscal year, down from the current rate of 9.6 percent. The new rate is effective July 1, 2008.

The new, lower rate was announced at the November meeting of the ASRS Board of Trustees, which accepted actuarial reports on the ASRS pension plan, long term disability program and

system plan. The ASRS relies upon actuarial projections to determine contribution rates and other forecasts for the various benefit plans.

Prior to implementing the lower rate, the ASRS will send an official notice and other details to payroll and human resources representatives of all ASRS employer participants.

Effective July 1, 2008	Pension and Health Insurance	Long-Term Disability	TOTAL
Employee	8.95%	0.50%	9.45%
Employer	8.95%	0.50%	9.45%

## Employers Offered Additional Retirement Savings Plan

The Arizona State Retirement System has a new separate and voluntary program employers may join that allows eligible active members to save additional money for retirement.

The new ASRS Supplemental Retirement Savings Plan (SRSP) is qualified under Section 401 (a) of the Internal Revenue Code. The SRSP allows eligible members to contribute tax-deferred money into an account that can be drawn upon in retirement.

The SRSP program is voluntary for ASRS

employer partners. Members will be eligible to participate only if their employer signs up for the new plan. The Arizona Department of Administration is planning a similar program for state and university employees, who are not eligible for the ASRS SRSP program.

Nationwide Retirement Solutions is the administrator of the new ASRS plan. Under Nationwide, one of the largest financial services companies in the United States, SRSP participants will have a diverse selection of investment

choices which they can manage.

Due to the distinctive features and benefits of the SRSP, the Internal Revenue Service requires restrictions that are unique from regulations governing 457 and 403(b) retirement plans. These restrictions include: an irrevocable election to participate with a two-year window of opportunity to join, and an irrevocable election to contribute a percentage of pay, a flat dollar amount, or a scheduled contribution over time.

## Employer Benefits of an SRSP

The SRSP is an excellent tool to attract and retain qualified employees. Among the benefits:

- No set-up costs, initiation fees or other charges to employer sponsors.
- Contributions to the plan will reduce the employer's FICA expense.
- Nationwide Retirement Solutions, administrators for the Plan, will be responsible for record-keeping, member enrollment, marketing and educational services associated with the Plan.
- Annual member surveys, designed to gauge participant satisfaction and identify opportunities for enhancement of the Plan.
- An annual audit to ensure the Plan is meeting expectations.

## Nationwide Retirement Solutions

Phoenix  
602.266.2733  
Toll-Free  
888.224.1011

Call for  
Information

# Membership Rules

Please keep in mind that membership in the ASRS is mandatory, not an election.

An employee who meets the 20/20 criteria for membership must make contributions to the ASRS unless the employee retired with the ASRS and meets the requirements for participating in the Return to Work program as described in state law.

Members who are retired from an out-of-state retirement plan who now work for an ASRS employer and meet the 20/20 criteria for membership must participate in the ASRS.

**To learn more about membership rules, see the Membership section of your Employer Manual.**

## Employer Compliance Audits

The ASRS has been conducting compliance audits of its member employers the past several years. This year, ASRS auditors have traveled as far afield as Bisbee, Flagstaff and Holbrook to work with member employers. Here are a few common areas of concern we have noticed in our audits.

Many employers find it tricky to know when an employee has met eligibility because of dual employment at another ASRS employer. ASRS employer liaisons are available to answer questions regarding eligibility.

It is in the best interest of employers to identify these employees because employees may be in a position to buy this time as a

CNW (contribution not withheld) up to 15 years later. In such cases, the employer may be liable for its share of the contributions plus interest on both sides, compounded at 8 percent annually.

Another troublesome area



relates to retirees returning to work. This is allowed by statute only if a retiree meets *all* conditions listed in ARS § 38-766.01. The requirements that trouble employers the most include employees working too many hours in the first 12 months,

early retirement retirees returning too soon, and employers not documenting the employees' understanding of the conditions of returning to work.

A retiree cannot accept ASRS eligible employment before the first 12 months of retirement benefits have expired. If a position normally would require withholding ASRS contributions, a retiree should not begin employment any time within the initial 12 months. An early retiree cannot return to eligible employment before reaching normal retirement, which could be several years after retirement.

However, a retiree is always welcome to suspend their retirement benefits and to return to active membership, during which they will make contributions and accrue additional service credit.

## Updated Employer Manual

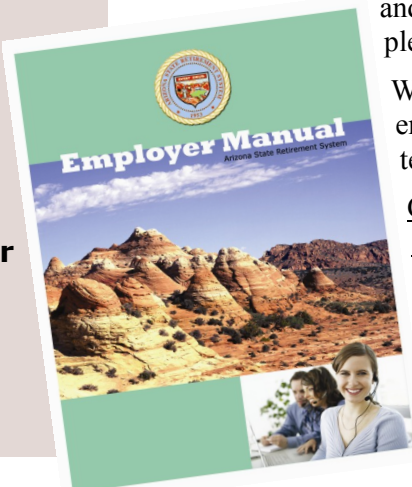
An updated version of the ASRS Employer Manual, a popular resource guide for our employer partners, is now available on our website. Copies of the manual were distributed at our 2007 Employer Conference series, which took place this summer and fall. If you did not receive an updated version, and would like one, please contact us.

When updates to the Manual are required, we will inform employers to ensure the Manuals are always current. Please note the following technical revision:

Chapter 5-8, the last sentence in the second-to-last paragraph should read:

- *The ASRS does not require a letter of verification if the member's retirement date is more than 3 years after termination.*

Please make a note of this change.



### Forms Added to Employer Section of Website

A number of ASRS forms have now been added to the Employer section of the ASRS website.

Employers may now download and copy the forms as needed. They include forms for New Enrollment, Beneficiary, Military Call-up, Return to Work, Health Insurance Premium Benefit Authorization, Change/Deletion and Verification of Contributions Not Withheld.

To access these forms, employers must log into the secure section of the website, the same area where electronic contribution payments can be made.

For information on accessing the secure section of the employer web pages, please contact Marcia Kumamoto in Contribution Accounting at [marciak@azasrs.gov](mailto:marciak@azasrs.gov) or (602) 240-2034, or an Employer Relations representative at one of the numbers listed on Page 4.



### Forms Q & A

**Question:** We have copies of old forms. Can they still be used?

**Answer:** No. Please be sure to access forms as you need them. Forms are frequently updated, and are now bar-coded. To obtain the most current forms, please access the ASRS website, or contact us.

**Question:** Can ASRS employers create their own ASRS forms, or alter existing forms?

**Answer:** No. ASRS forms are designed to be uniform for all employers, and are a resource for specific information needed by the ASRS.

**Question:** How can we be sure the forms we send are received and processed?

**Answer:** The ASRS receives and processes around 1 million forms a year. We are in the process of scanning and imaging all our forms, a process that should be completed early this year. Please bear with us as we process your forms; do not send duplicates. To check the status of a form, please contact us.

***Thank You to all  
our employer  
partners who are  
using the Online  
Contribution  
Reporting  
System!***

If you are an employer interested in signing up for online submission of the contribution summary report, payment and contribution detail file, please contact Marcia Kumamoto at (602) 240-2034, or send an email to: [marciak@azasrs.gov](mailto:marciak@azasrs.gov) or one of your Employer Relations representatives.

### Updating Information Via the Web

Employees can now make changes to their address and beneficiary information online. Please encourage your employees to update their account information with the ASRS using the website.

Members are encouraged to log on to the website and create their personal ASRS homepage. It's easy, safe and secure.

Just look for the Login portion of the website on the left navigation bar. For first-time users, click on Register Here, and you'll be taken through the process step by step. There's also a User's Guide to Registration that explains the process.

Your ASRS homepage allows you to view information on file, account details and balances, your latest

annual Member Statement and more.

Members will also find information on their future retirement dates and benefit estimates.

And, coming soon, a section for retirees to log on will be activated. Retirees will be able to view their benefit statements and also submit address changes via the web.



## ASRS ... Delivering Service with PRIDE!

### Employer Relations Staff

**Michele Briggs**

Manager

(602) 240-2022

micheleb@azasrs.gov

**Rita Anne Johnson**

Employer Liaison

(602) 240-2147

ritaj@azasrs.gov

**Mark Muraoka**

Employer Liaison

(602) 240-2093

markm@azasrs.gov

**Angela Sockwell**

Administrative Asst.

(602) 308-5107

angelas@azasrs.gov

### For General Inquiries:

**Metro Phoenix**

(602) 240-2000

3300 N Central Ave

Phoenix, AZ 85012

**Metro Tucson**

(520) 239-3100

7660 E Broadway Blvd,

Suite 108

Tucson, AZ 85710

**Toll-Free**

(800) 621-3778

**TTY for Hearing Impaired**

(602) 240-5333

**Email**

ContactUs@azasrs.gov

**On the Web**

www.azasrs.gov

### Employer Relations Staff Update

We are pleased to announce the addition of Mark Muraoka to the Employer Relations staff. Mark worked as a retirement advisor in our Member Services Division prior to joining the Employer Relations team.

Chanda Washington, who many employers worked with over the last several years, has left the ASRS to pursue other opportunities. She'll be missed, but our staff is ready to serve you! Be sure to let us know if you have had any changes to your human resources, payroll or personnel areas that you would like to include as contacts for the ASRS.

Also, we would like to create a data base of any staff with your agency responsible for compiling employee newsletters or employee intranets. **Please email your public information officer or other staff contacts to us at [ContactUs@azasrs.gov](mailto:ContactUs@azasrs.gov).** Please pass along the name, title, phone and email address of individuals who would like to receive ASRS information for use in your employee newsletters. Thank you.

Each year, the Internal Revenue Service sets maximum contribution limits for retirement funds.			
Maximum Contribution Limits	Fiscal Year		Amount
	2007-08	Hired before 7/1/1996	\$225,000
		Hired on or after 7/1/1996	\$335,000
	2008-09	Hired before 7/1/1996	\$230,000
		Hired on or after 7/1/1996	\$345,000

### Social Security News

All employers who participate under the ASRS must sign a Section 218 agreement, which makes Social Security and Medicare (FICA) mandatory under our retirement system.

The ASRS has received several inquiries recently regarding the eligibility of police and fire personnel. An individual who has retired from Public Safety

Personnel Retirement System (PSPRS) and is rehired by the same town or city - or a different employer that has both PSPRS and the ASRS plan - is not automatically eligible to participate in the ASRS. This question by appearances seems simple, but is actually quite involved, and we need to address it by individual employers.

There are some rare instances in which police and fire personnel are covered under the employer's Section 218 agreement, and regardless of their participation in PSPRS or ASRS, those individuals must pay FICA.

For specific information on your situation, please contact an Employer Relations representative at one of the numbers listed on this page.